

## **Austindo Resources Corporation NL**

### **June 2007 Quarter Activities Report**

#### **ABOUT AUSTINDO**

Formed in 1983, Austindo Resources Corporation NL (**ASX Code: ARX**) is an Australian listed gold company focused on developing projects in Indonesia. The company's key project is Cibaliung, a high-grade epithermal gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Cibaliung is expected to produce at an annual rate of 70,000 oz (gold equivalent).

Two key strategic alliances in Indonesia are taking Austindo closer to achieving its growth objective. In association with Anglo American Group, the Company is exploring for large porphyry copper/gold deposits in Papua. In addition the Company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Pekalongan and Trenggalek tenements located in Central and East Java respectively, areas prospective for low sulphidation epithermal gold/silver deposits similar to the Cibaliung project.

Austindo Resources Corporation NL  
ABN 48 002 678 640  
Level 8, North Tower  
459 Collins Street  
Melbourne VIC 3000  
AUSTRALIA

Tel: + 61 3 0620 3110  
Email: [info@arx.net.au](mailto:info@arx.net.au)

[www.austindoresources.com.au](http://www.austindoresources.com.au)

#### **Cibaliung Gold Project – Indonesia**

- Drill and Blast development of the decline has advanced to 263 metres as at 27 July 2007. First ore is expected to be accessed by early November 2007 subject to funding;
- Construction of the gold processing plant remains 80% complete at the end of the quarter. Work will recommence following the confirmation of finance facilities;
- Major works on site remain on hold in order to conserve cash;
- A revised Base Case Financial Model has been finalised;
- A new strategy has been developed to completely recapitalise the Company and to address its funding requirements. Each of the Company's major shareholders has confirmed their support for the recapitalisation strategy. In addition the ANZ has indicated its willingness to participate in the proposed restructuring on a partial debt for equity swap basis;
- The Company proposes to raise new equity of US\$35 million to ensure that the Company is adequately funded to complete the development of the Cibaliung Gold Project and pursue an extensive exploration strategy;
- Subject to funding, first gold pour from the Cibaliung Gold Project is anticipated in the first quarter of 2008.

#### **Project Generation - Indonesia**

- Very encouraging results from vein-float found at Trenggalek suggest the presence of multiple high-grade quartz vein sources within the tenement. Scout drill testing is proposed for early 2008;
- ARX holds a 20% interest in joint venture with the Anglo American Group in the Aisasjur Project in Papua. Subject to the issuing of a new forestry access permit, Anglo plans to undertake further diamond drilling at Aisasjur, testing deeper seated porphyry copper-gold targets.

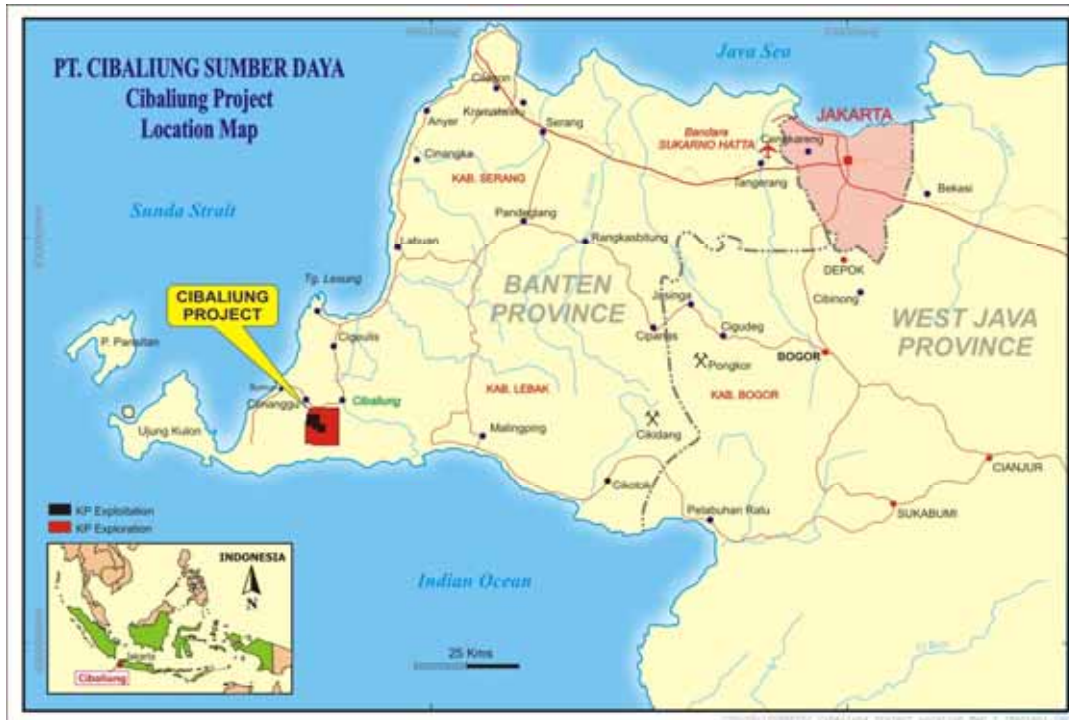
#### **Expenditure**

- Total exploration and development expenditure in Indonesia during the quarter amounted to A\$6.8 million.

## CIBALIUNG GOLD PROJECT – INDONESIA (89.75% as at 31 Dec 2005)

The Cibaliung Gold Project is operated by PT. Cibaliung Sumberdaya, a joint venture company established between the Company and PT. Antam Tbk (“Antam”).

Cibaliung is located in Banten Province near the western tip of the island of Java, 150km south west of Jakarta. The Company’s interest in the Cibaliung Project as at 31 December 2005 stood at 89.75%.



Key development and production parameters for the Cibaliung Gold Project are:

- Two shoot epithermal vein-gold deposit;
- Logistically well located within 4 hour drive from Jakarta;
- Mine life of 6 years with a production rate of 220,000 tonnes per annum with recovery of gold and silver by a conventional CIL processing plant;
- Mining by conventional underground cut and fill stoping with decline access;
- Annual production of approximately 70,000 ozs gold equivalent;

Subject to funding, the Company anticipates first gold pour in the first quarter 2008.

### **Site Development and Erection of Gold Processing Plant**

As previously advised, the Board resolved earlier in the year to put all major works on site on hold in order to conserve cash while funding arrangements are being finalised. The status of the gold processing plant remains substantially unchanged and at the date of this report the status of the project development is summarised as follows:

- Site access roads and bridges have been essentially completed;
- Re-erection of the gold processing plant on site has been 80% completed;
- Installation of CIL tanks and Thickener Tank are 90% complete;
- Installation of the Cyanide mixing is 80% complete;
- SAG Mill installation has commenced and bearing plates have been installed;

- Foundations for crusher 80% complete;
- All Generating Sets for the Power Plant have been installed in preparation for commissioning and connection;
- Elution Circuit and Gold Room Plant are currently all on site ready for installation;
- Tailings Dam construction survey and earthworks have commenced but are on hold.

Work will resume and the project completed once appropriate funding has been resolved.

### **Decline Development**

Drill and Blast testing was undertaken in December 2006 to verify the suitability of this methodology for the development of a new decline to access the ore body in the ground conditions typically encountered at Cibaliung.

Following the success of the Drill and Blast test work the Company's own trained mining personnel commenced the development of a new decline. A support regime including roof bolts, mesh and fibrecrete has now been adopted and fully costed in the Company's revised Base Case Financial Model. At the date of this report the Company team has safely and successfully developed the new decline to 295 metres as at 27 July 2007 (including 32 metres for two muck bays). First ore is expected to be accessed by early November 2007.

The Board believes that the success to date in decline development demonstrates the efficacy of this method and confirms the validity of the approach taken by its technical team.

The Redpath Group of Canada will be engaged to provide further experienced supervisors for the development of the decline. Redpath has extensive in country experience in underground gold mining and development.

### **Recapitalisation Strategy**

A new funding strategy has been developed to completely recapitalise the Company and to address its funding requirements.

The Company has approached key stakeholders seeking support for the recapitalisation strategy. Each of the Company's major shareholders have confirmed their support for the recapitalisation strategy. In addition ANZ has indicated its willingness to participate in the proposed restructuring on a partial debt for equity swap basis.

As an integral part of this strategy the Company proposes to raise new equity of US\$35 million to ensure that the Company is adequately funded to complete the development of the Cibaliung Gold Project. In addition the funds raised will support an exploration strategy designed to both increase resources at Cibaliung and also to advance the Company's Trenggalek and Pekalongan prospects. The Company has secured preliminary commitments from a number of parties to participate in this new equity and is also advancing with other parties who are currently undertaking due diligence.

Further details of the recapitalisation strategy will be confirmed at the earliest opportunity once a sufficient level of commitments have been secured.

### **Expenditure**

Expenditure in relation to development of the Cibaliung Gold Project totalled A\$6.6 million during the quarter.

## Cibaliung Exploration

No material exploration field work was undertaken on this project during the quarter.

The exploration team provided geotechnical support to the mine development and has completed a proposal for stope definition drilling to be done at the top of the Cikoneng ore-shoot in the next quarter.

A plan for near-mine exploration drilling is also in progress.

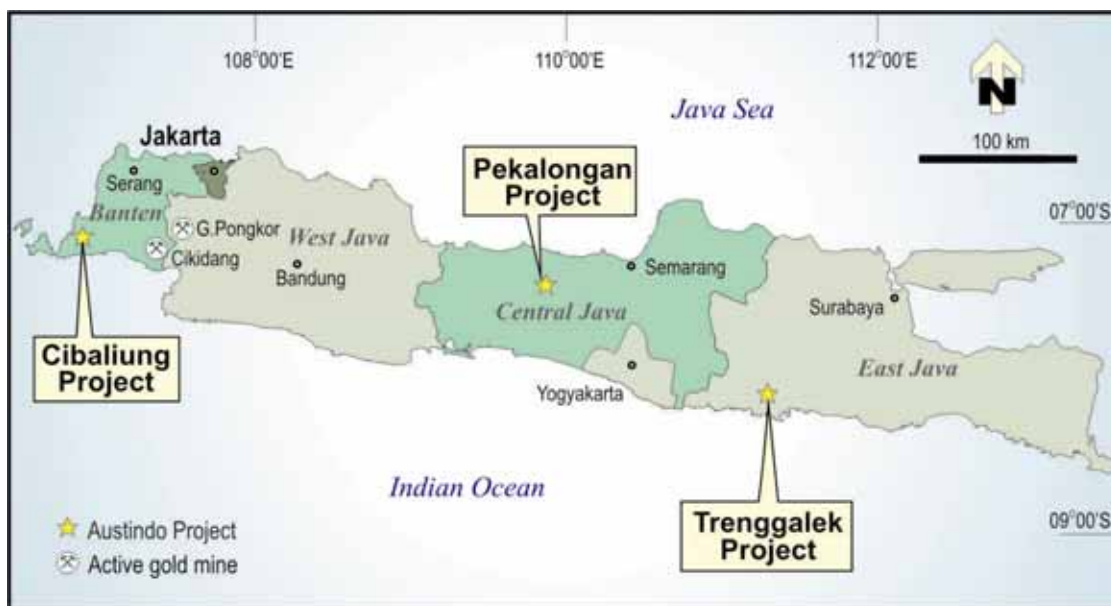
## Expenditure

Expenditure in relation to Cibaliung Exploration totalled A\$ 59,000.

## **PROJECT GENERATION – INDONESIA**

### Java

Total Expenditure for exploration completed on the Trenggalek and Pekalongan projects totalled A\$ 157,000 during the quarter.



### **Trenggalek Project, East Java (ARX – 95%)**

The Trenggalek KP exploration area in East Java covers 17,586 ha.

Mapping and prospecting were continued on the northern part of this tenement during the quarter. Permitting was completed to undertake detailed exploration in the forestry production areas, which cover the greater part of the main prospects identified on the KP to date. Further high-grade gold results were returned from grab samples of new vein-float found on the Jati, Jombok and Salak prospects.

Of particular interest is a cluster of three 15-30 cm angular vein-float samples at Salak taken from a single tributary of a newly explored drainage area located about 1 km southwest of the Jombok Prospect. Gold results from these samples range from 7.8 to 17 g/t Au with corresponding silver results ranging from 3 to 7 g/t Ag. The source of this high-grade float is

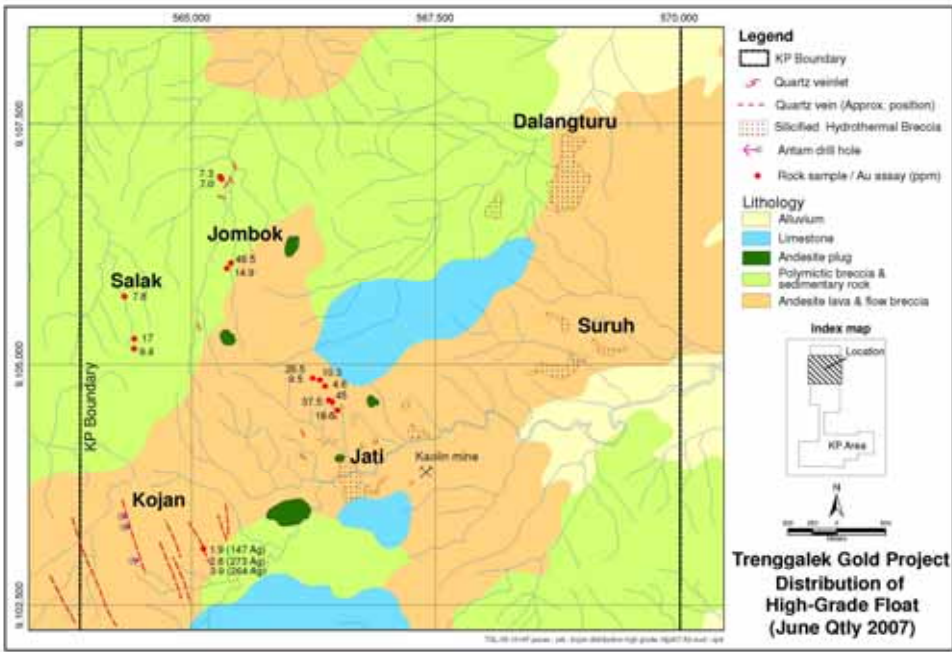
currently unknown, but it may lie on the north-northwest strike projection of one of the veins comprising the vein swarm at Kojan Prospect.

More high-grade vein-float was also found on the Jombok Prospect. Four samples returned gold results ranging from 7 to 46.5 g/t Au and silver results ranging from 3 to 13 g/t Ag. Detailed mapping and limited test-pitting completed during the quarter have helped to delineate a number of large mass-flow deposits (old landslides) located on the lower ridges of the prospect and these appear to be shedding the mineralised float boulders. Further mapping is in progress to identify the primary source of the high-grade vein-float, which may be exposed or buried at the crown of the mass-flows.

Six 15-30 cm angular vein-float samples taken on the Jati Prospect returned gold results ranging from 9.5 to 45 g/t Au and silver results ranging from 3 to 12 g/t Ag. The float is distributed over about 500 m along a north-northwest trending ridgeline containing patchy outcrops of silicified volcaniclastic rock containing diffuse quartz vein-stockwork. The source of the high-grade float is thought to be within this immediate area and will be further investigated by soil sampling, test-pitting and trenching in the next quarter.

Mineralised hydrothermal breccia were investigated at the Suruh Prospect, located about 1.5 km south of Dalangturu and 1.5 km northeast of the Jati Prospect. Mapping has highlighted variably sulphidic and silicified breccia boulders and outcrops on low ridges occupying about a 1 square-kilometre area. Ten selective chip samples were taken of the breccia and these returned up to 0.59 g/t Au, 497 g/t As, 25 g/t Sb and 0.6 g/t Hg. The elevated gold-arsenic-antimony-mercury geochemistry returned in these samples is interpreted to reflect potential for a high-level exposed, epithermal vein system at depth. This will be followed up with soil sampling in the next quarter to better define the pattern of gold and pathfinder metal anomalies over the hydrothermal breccias.

Three chip samples taken from a 120 to 150 cm wide banded quartz vein exposed on the eastern side of the Kojan Prospect returned low gold results ranging from 1.9 to 3.9 g/t Au but high silver results ranging from 147 to 273 g/t Ag. These results are very encouraging. Combined with results previously reported, they indicate the presence of significant gold and silver grades in at least four of the veins identified at Kojan, and only one of these veins has been previously drill tested. Trenching is planned on this prospect in the next quarter.



***Distribution of best gold results (in g/t) from grab sampling of vein float & outcrops found in the northern part of the Trenggalek tenement during the quarter***

*Table of best results from grab sampling of vein float & outcrops found in the northern part of the Trenggalek tenement during the quarter*

Sample Number	Au g/t	Ag g/t	As g/t	Sb g/t	Prospect / Vein
FX0812	7.0	3	6	8	Jombok
FX0813	7.3	5	100	25	Jombok
FX0825	46.5	13	62	13	Jombok
FX0826	14.9	7	49	8	Jombok
FX0835	7.8	3	642	21	Salak
FX0964	17	7	76	9	Salak
FX0966	9.4	4	22	12	Salak
GX0891	1.9	147	39	<1	Kojan
GX0892	2.8	273	53	<1	Kojan
GX0893	3.9	264	42	<1	Kojan
FX0860	10.3	5	17	11	Jati
FX0931	9.5	3	665	30	Jati
FX0932	26.5	9	65	11	Jati
FX0939	37.5	10	73	10	Jati
FX0940	45.0	12	11	11	Jati
FX0977	18	11	12	14	Jati

### **Pekalongan Project, Central Java (ARX – 95%)**

The Pekalongan KP exploration area in Central Java covers 5,618 ha.

Field work continued at a significantly reduced level during the quarter due to the shift of work priorities to other projects. Permitting is in progress for access to forestry production areas located within and surrounding the main prospect areas. The completion of this process is particularly important for on-going evaluations on the main gold prospects at Kuning and Mudal.

Reconnaissance work was done in the northwest corner of the KP during the quarter. Previous fine-fraction stream sediment sampling in this area produced three anomalous gold results ranging from 110 to 260 ppb Au in separate tributaries. Some float boulders of altered andesite and diorite, containing disseminated arsenopyrite-pyrrhotite-chalcopyrite mineralisation in fine quartz stockwork, are shedding into the creeks. Five grab samples of these boulders returned gold results ranging from 0.11 to 0.46 g/t Au and arsenic results ranging from 107 to 1160 g/t As. Copper was moderately anomalous in these samples with a maximum result of 472 g/t Cu.

This area, referred to as the Ireng Prospect, has potential for porphyry-style gold-copper mineralisation. An infill drainage geochemical survey is planned in the next quarter to better define the distribution of gold, copper and arsenic anomalies in the prospect area.

## Papua

### **Aisasjur Project - Anglo Strategic Alliance (ARX – 20%)**

The Company has a strategic alliance with the Anglo American Group (Anglo) to explore for large copper and gold deposits in Papua. The Company has a 20% joint venture interest in the Aisasjur Project while Anglo has the obligation to fund all exploration activities pursuant to the terms of the strategic alliance.



The Aisasjur Project covers an area of 9,486 hectares in the Kepala Burung area of West Papua Province. Geologically, the project area lies within one of Indonesia's young Tertiary volcano- plutonic arcs and is prospective for both porphyry copper-gold and epithermal gold mineralisation styles.

Scout diamond drilling completed by Anglo at the Aisasjur Prospect earlier in the year intersected broad zones of low-grade gold mineralisation associated with altered porphyry intrusions. These intrusive rocks show similarity in age, geological setting and geochemistry to the Grasberg Igneous Complex located over 500 km to the east-southeast along the New Guinea Fold Belt.

Subject to the issuing of a new forestry access permit, Anglo plans to undertake further diamond drilling at Aisasjur, testing deeper seated porphyry copper-gold targets.

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr. Wake has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr. Wake consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

This report is dated 27 July 2007. For further information please contact:

**Bruce Watson**  
**Chairman**

Tel: + 61 2 9236 7566

Email: [bwatson@cubecorp.com.au](mailto:bwatson@cubecorp.com.au)

**Andrew J. Cooke**

**Company Secretary**

Tel: + 61 2 9419 8044

Email: [andrewcooke@arx.net.au](mailto:andrewcooke@arx.net.au)